

CAPTION: Docket No. 2008-0695-AIR-E. Consideration of an Agreed Order assessing administrative penalties against DCP Midstream, LP in Hansford County; RN100219955; for air quality violations pursuant to Tex. Health & Safety Code ch. 382, Tex. Water Code ch. 7, and the rules of the Texas Commission on Environmental Quality, including specifically 30 Texas Administrative Code ch. 60.

(Cheryl Thompson, Bryan Sinclair)

EXECUTIVE SUMMARY - ENFORCEMENT MATTER
DOCKET NO.: 2008-0695-AIR-E TCEQ ID: RN100219955 CASE NO.: 35791
RESPONDENT NAME: DCP Midstream, LP

Page 1 of 2

ORDER TYPE:		
<input checked="" type="checkbox"/> 1660 AGREED ORDER	<input type="checkbox"/> FINDINGS AGREED ORDER	<input type="checkbox"/> FINDINGS ORDER FOLLOWING SOAH HEARING
<input type="checkbox"/> FINDINGS DEFAULT ORDER	<input type="checkbox"/> SHUTDOWN ORDER	<input type="checkbox"/> IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER
<input type="checkbox"/> AMENDED ORDER	<input type="checkbox"/> EMERGENCY ORDER	
CASE TYPE:		
<input checked="" type="checkbox"/> AIR	<input type="checkbox"/> MULTI-MEDIA (check all that apply)	<input type="checkbox"/> INDUSTRIAL AND HAZARDOUS WASTE
<input type="checkbox"/> PUBLIC WATER SUPPLY	<input type="checkbox"/> PETROLEUM STORAGE TANKS	<input type="checkbox"/> OCCUPATIONAL CERTIFICATION
<input type="checkbox"/> WATER QUALITY	<input type="checkbox"/> SEWAGE SLUDGE	<input type="checkbox"/> UNDERGROUND INJECTION CONTROL
<input type="checkbox"/> MUNICIPAL SOLID WASTE	<input type="checkbox"/> RADIOACTIVE WASTE	<input type="checkbox"/> DRY CLEANER REGISTRATION
<p>SITE WHERE VIOLATION(S) OCCURRED: Sherhan Gas Plant, 15 miles north and three miles west of Gruver on Highway 136, Hansford County</p> <p>TYPE OF OPERATION: Gas plant</p> <p>SMALL BUSINESS: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>OTHER SIGNIFICANT MATTERS: There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.</p> <p>INTERESTED PARTIES: No one other than the ED and the Respondent has expressed an interest in this matter.</p> <p>COMMENTS RECEIVED: The <i>Texas Register</i> comment period expired on August 18, 2008. No comments were received.</p> <p>CONTACTS AND MAILING LIST: TCEQ Attorney/SEP Coordinator: None TCEQ Enforcement Coordinator: Ms. Cheryl Thompson, Enforcement Division, Enforcement Team 3, MC R-04, (817) 588-5886; Mr. Bryan Sinclair, Enforcement Division, MC 219, (512) 239-2171 Respondent: CT Corporation System, Registered Agent, DCP Midstream, LP, 350 North St. Paul Street, Dallas, Texas 75201 Mr. Geoffrey A. Sands, Vice President-EHS, DCP Midstream, LP, 9101 Highway 136, Borger, Texas 79007 Respondent's Attorney: Not represented by counsel on this enforcement matter</p>		

VIOLATION SUMMARY CHART:

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
<p>Type of Investigation: <input type="checkbox"/> Complaint <input type="checkbox"/> Routine <input type="checkbox"/> Enforcement Follow-up <input checked="" type="checkbox"/> Records Review</p> <p>Date(s) of Complaints Relating to this Case: None</p> <p>Date of Investigation Relating to this Case: March 25, 2008</p> <p>Date of NOV/NOE Relating to this Case: March 31, 2008 (NOE)</p> <p>Background Facts: This was a record review.</p> <p>AIR</p> <p>Failure to reduce formaldehyde ("CH₂O") emissions by 76% or more or limit the concentration of CH₂O to 350 parts per billion ("ppb") or less at 15% oxygen ("O₂") at the Reciprocating Internal Combustion Engine ("RICE"). Specifically, the RICE had a reduction efficiency of 71.82% and an outlet exhaust gas CH₂O concentration of 479.3 ppb at 15% O₂ [30 TEX. ADMIN. CODE § 113.1090, 40 CODE OF FEDERAL REGULATIONS § 63.6600(a), and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p>	<p>Total Assessed: \$2,575</p> <p>Total Deferred: \$515 <input checked="" type="checkbox"/> Expedited Settlement <input type="checkbox"/> Financial Inability to Pay</p> <p>SEP Conditional Offset: \$0</p> <p>Total Paid to General Revenue: \$2,060</p> <p>Site Compliance History Classification <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>Person Compliance History Classification <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>Major Source: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Applicable Penalty Policy: September 2002</p>	<p>Corrective Actions Taken:</p> <p>The Executive Director recognizes that the Respondent completed a successful stack test of the Superior 8G825 stationary RICE on January 15, 2008.</p>

Additional ID No(s): HD0014P



Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision March 8, 2008

TCEQ

DATES

Assigned
PCW

7-Apr-2008

22-Apr-2008

Screening

14-Apr-2008

EPA Due

26-Dec-2008

RESPONDENT/FACILITY INFORMATION

Respondent DCP Midstream, LP
 Reg. Ent. Ref. No. RN100219955
 Facility/Site Region 1-Amarillo Major/Minor Source Major

CASE INFORMATION

Enf./Case ID No. 35791 No. of Violations 1
 Docket No. 2008-0695-AIR-E Order Type 1660
 Media Program(s) Air Enf. Coordinator Cheryl Thompson
 Multi-Media EC's Team Enforcement Team 3
 Admin. Penalty \$ Limit Minimum \$0 Maximum \$10,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties)

Subtotal 1 \$2,500

ADJUSTMENTS (+/-) TO SUBTOTAL 1

Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.

Compliance History 28% Enhancement Subtotals 2, 3, & 7 \$700

Notes The Respondent received two previous NOV's for same/similar violations, one Agreed Order with denial of liability and two Notices of Intent.

Culpability No 0% Enhancement

Subtotal 4 \$0

Notes The Respondent does not meet the culpability criteria.

Good Faith Effort to Comply 25% Reduction

Subtotal 5 \$625

Before NOV NOV to EDPRP/Settlement Offer
 Extraordinary
 Ordinary X
 N/A (mark with x)

Notes The Respondent completed a successful stack test on January 15, 2008.

Total EB Amounts \$9
 Approx. Cost of Compliance \$700
 0% Enhancement*
 *Capped at the Total EB \$ Amount

Subtotal 6 \$0

SUM OF SUBTOTALS 1-7

Final Subtotal \$2,575

OTHER FACTORS AS JUSTICE MAY REQUIRE

0%

Adjustment \$0

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes

Final Penalty Amount \$2,575

STATUTORY LIMIT ADJUSTMENT

Final Assessed Penalty \$2,575

DEFERRAL

20%

Reduction

Adjustment -\$515

Reduces the Final Assessed Penalty by the indicated percentage. (Enter number only; e.g. 20 for 20% reduction.)

Notes

Deferral offered for expedited settlement.

PAYABLE PENALTY

\$2,060

Screening Date 14-Apr-2008

Docket No. 2008-0695-AIR-E

PCW

Respondent DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No. 35791

PCW Revision March 8, 2008

Reg. Ent. Reference No. RN100219955

Media [Statute] Air

Enf. Coordinator Cheryl Thompson

Compliance History Worksheet

>> Compliance History Site Enhancement (Subtotal 2)

Component	Number of...	Enter Number Here	Adjust.
NOVs	Written NOVs with same or similar violations as those in the current enforcement action (number of NOVs meeting criteria)	2	10%
	Other written NOVs	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability (number of orders meeting criteria)	1	20%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (number of judgments or consent decrees meeting criteria)	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government (number of counts)	0	0%
Emissions	Chronic excessive emissions events (number of events)	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (number of audits for which notices were submitted)	2	-2%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (number of audits for which violations were disclosed)	0	0%
Please Enter Yes or No			
Other	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

Adjustment Percentage (Subtotal 2) 28%

>> Repeat Violator (Subtotal 3)

No

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

Average Performer

Adjustment Percentage (Subtotal 7) 0%

>> Compliance History Summary

Compliance
History
Notes

The Respondent received two previous NOVs for same/similar violations, one Agreed Order with denial of liability and two Notices of Intent.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 28%

Screening Date 14-Apr-2008
Respondent DCP Midstream, LP
Case ID No. 35791
Reg. Ent. Reference No. RN100219955
Media [Statute] Air
Enf. Coordinator Cheryl Thompson

Docket No. 2008-0695-AIR-E

PCW

Policy Revision 2 (September 2002)

PCW Revision March 8, 2008

Violation Number

1

Rule Cite(s)

30 Tex. Admin. Code § 113.1090, 40 Code of Federal Regulations § 63.6600(a), and
Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to reduce formaldehyde ("CH₂O") emissions by 76% or more or limit the concentration of CH₂O to 350 parts per billion ("ppb") or less at 15% oxygen ("O₂") at the Superior 8G825 stationary Reciprocating Internal Combustion Engine ("RICE"). Specifically, the RICE had a reduction efficiency of 71.82% and an outlet gas CH₂O concentration of 479.3 ppb at 15% O₂.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

	Harm		
Release	Major	Moderate	Minor
Actual			x
Potential			

Percent 25%

>> Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent 0%

Matrix Notes

Human health or the environment has been exposed to insignificant amounts of pollutants which do not exceed levels that are protective of human health or the environment.

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 1

77 **Number of violation days**

mark only one with an x	daily	
	monthly	
	quarterly	x
	semiannual	
	annual	
	single event	

Violation Base Penalty \$2,500

One quarterly event is recommended from the period of October 31, 2007 (date of the stack test) to January 15, 2008 (date of compliance).

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$9

Violation Final Penalty Total \$2,575

This violation Final Assessed Penalty (adjusted for limits) \$2,575

Economic Benefit Worksheet

Respondent DCP Midstream, LP
Case ID No. 35791
Reg. Ent. Reference No. RN100219955
Media Air
Violation No. 1

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
No commas or \$							

Delayed Costs

Equipment				0.0	\$0	\$0	\$0
Buildings				0.0	\$0	\$0	\$0
Other (as needed)	\$500	31-Oct-2007	15-Jan-2008	0.2	\$0	\$7	\$7
Engineering/construction				0.0	\$0	\$0	\$0
Land				0.0	\$0	n/a	\$0
Record Keeping System				0.0	\$0	n/a	\$0
Training/Sampling				0.0	\$0	n/a	\$0
Remediation/Disposal				0.0	\$0	n/a	\$0
Permit Costs				0.0	\$0	n/a	\$0
Other (as needed)	\$200	31-Oct-2007	15-Jan-2008	0.2	\$2	n/a	\$2

Notes for DELAYED costs

Estimated costs to conduct a stack performance test and to develop and implement maintenance procedures designed to prevent the recurrence of emissions. Date required is the date of the stack test. Final date is the date of compliance.

Avoided Costs

ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)

Disposal				0.0	\$0	\$0	\$0
Personnel				0.0	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.0	\$0	\$0	\$0
Supplies/equipment				0.0	\$0	\$0	\$0
Financial Assurance [2]				0.0	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.0	\$0	\$0	\$0
Other (as needed)				0.0	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$700

TOTAL

\$9

Compliance History

Customer/Respondent/Owner-Operator:	CN601229917	DCP Midstream, LP	Classification: AVERAGE	Rating: 2.77																																													
Regulated Entity:	RN100219955	SHERHAN GAS PLANT	Classification: AVERAGE	Site Rating: 15.21																																													
ID Number(s):	<table border="0"> <tr> <td>AIR OPERATING PERMITS</td> <td>ACCOUNT NUMBER</td> <td>HD0014P</td> </tr> <tr> <td>AIR OPERATING PERMITS</td> <td>PERMIT</td> <td>2569</td> </tr> <tr> <td>PETROLEUM STORAGE TANK</td> <td>REGISTRATION</td> <td>17126</td> </tr> <tr> <td>REGISTRATION</td> <td></td> <td></td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>PERMIT</td> <td>16136</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>PERMIT</td> <td>16230</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>PERMIT</td> <td>34243</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>PERMIT</td> <td>44935</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>ACCOUNT NUMBER</td> <td>HD0014P</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>AFS NUM</td> <td>4819500006</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>PERMIT</td> <td>73394</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>REGISTRATION</td> <td>43823</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>REGISTRATION</td> <td>81696</td> </tr> <tr> <td>PUBLIC WATER SYSTEM/SUPPLY</td> <td>REGISTRATION</td> <td>0980008</td> </tr> <tr> <td>WATER LICENSING</td> <td>LICENSE</td> <td>0980008</td> </tr> </table>				AIR OPERATING PERMITS	ACCOUNT NUMBER	HD0014P	AIR OPERATING PERMITS	PERMIT	2569	PETROLEUM STORAGE TANK	REGISTRATION	17126	REGISTRATION			AIR NEW SOURCE PERMITS	PERMIT	16136	AIR NEW SOURCE PERMITS	PERMIT	16230	AIR NEW SOURCE PERMITS	PERMIT	34243	AIR NEW SOURCE PERMITS	PERMIT	44935	AIR NEW SOURCE PERMITS	ACCOUNT NUMBER	HD0014P	AIR NEW SOURCE PERMITS	AFS NUM	4819500006	AIR NEW SOURCE PERMITS	PERMIT	73394	AIR NEW SOURCE PERMITS	REGISTRATION	43823	AIR NEW SOURCE PERMITS	REGISTRATION	81696	PUBLIC WATER SYSTEM/SUPPLY	REGISTRATION	0980008	WATER LICENSING	LICENSE	0980008
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Location:	15 miles north and 3 miles west of Gruver on Highway 136, Hansford County		Rating Date: 9/1/2007 Repeat Violator: NO																																														
TCEQ Region:	REGION 01 - AMARILLO																																																
Date Compliance History Prepared:	April 29, 2008																																																
Agency Decision Requiring Compliance History:	Enforcement																																																
Compliance Period:	April 29, 2003 to April 29, 2008																																																
TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History																																																	
Name:	Cheryl Thompson		Phone:	(817)588-5886																																													

Site Compliance History Components

- | | |
|--|-----|
| 1. Has the site been in existence and/or operation for the full five year compliance period? | Yes |
| 2. Has there been a (known) change in ownership of the site during the compliance period? | No |
| 3. If Yes, who is the current owner? | N/A |
| 4. If Yes, who was/were the prior owner(s)? | N/A |
| 5. When did the change(s) in ownership occur? | N/A |

Components (Multimedia) for the Site :

- A. Final Enforcement Orders, court judgements, and consent decrees of the state of Texas and the federal government.

Effective Date: 10/04/2007	ADMINORDER 2007-0124-AIR-E
Classification: Moderate	

Citation: 30 TAC Chapter 101, SubChapter A 101.10
5C THC Chapter 382, SubChapter D 382.085(b)

Description: Failure to include flash emissions from EPNs: TNKSLP12, TNKSLP13 and TNKSLP16 in the emissions inventory questionnaire report dated January 23, 2006.

Classification: Moderate

Citation: 2A TWC Chapter 5, SubChapter A 5.702
30 TAC Chapter 101, SubChapter A 101.27

5C THC Chapter 382, SubChapter D 382.085(b)

Description: Failure to pay emission fees for flash emissions for EPNs: TNKSLP12, TNKSLP13 and TNKSLP16.

Classification: Moderate

Citation: 30 TAC Chapter 106, SubChapter A 106.4(c)
30 TAC Chapter 106, SubChapter W 106.512(2)(B)

5C THC Chapter 382, SubChapter D 382.085(b)

Description: Failure to properly operate and maintain the air/fuel ratio controller in good condition for ENG-2.

Classification: Major

Citation: 30 TAC Chapter 116, SubChapter B 116.110(a)

5C THC Chapter 382, SubChapter A 382.0518(a)

5C THC Chapter 382, SubChapter D 382.085(b)

Description: Failure to apply for renewal of permit number 19317, but continued operation of ENG-39, ENG-40 and INC-SA after the permit expired on August 11, 2004.

Classification: Moderate

Citation: 30 TAC Chapter 101, SubChapter A 101.20(1)

40 CFR Chapter 60, SubChapter C, PT 60, SubPT A 60.18(c)(2)

40 CFR Chapter 60, SubChapter C, PT 60, SubPT A 60.18(e)

5C THC Chapter 382, SubChapter D 382.085(b)

Description: Failure to operate the flare with a flame present at all times as required in 40 CFR §60.18(c)(2) and when emissions may be vented to them as required in 40 CFR §60.18(e).

Classification: Moderate

Citation: 30 TAC Chapter 122, SubChapter B 122.145(2)(A)

5C THC Chapter 382, SubChapter D 382.085(b)

Description: Failure to include noncompliance issues discovered during this investigation in the deviation report submitted on July 27, 2006.

B. Any criminal convictions of the state of Texas and the federal government.

N/A

C. Chronic excessive emissions events.

N/A

D. The approval dates of investigations. (CCEDS Inv. Track. No.)

1	11/18/2003	(255487)
2	07/31/2004	(283630)
3	07/26/2005	(400956)
4	09/16/2005	(431107)
5	02/16/2006	(453227)
6	02/22/2006	(452350)
7	07/07/2006	(480735)
8	11/10/2006	(518518)
9	12/20/2006	(531742)
10	03/13/2007	(543925)
11	10/11/2007	(595176)
12	10/16/2007	(598044)
13	11/19/2007	(600856)
14	03/31/2008	(640365)
15	03/31/2008	(640440)
16	04/24/2008	(653935)
17	04/24/2008	(653985)

E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)

Date 02/16/2006 (453227)

Self Report? NO

Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)

Rqmt Prov: PA 19317, special condition No. 7

Description: The facility failed to comply with the special condition No. 7 of the permit No. 19317 by failure to maintain the inlet oxygen concentration in the range of 1,000 to 5,000 ppmv during the second quarter engine testing on engine 40, which was conducted on April 5, 2005.

Self Report? NO

Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)

Rqmt Prov: PA 19317

Description: The facility failed to comply with the special condition No. 18 of the permit No. 19317 by failure to conduct an engine test on engine 40 after it was documented that the inlet oxygen concentration exceeded the allowable range, during a quarterly test on April 5, 2005. The test was not conducted until August 10, 2005.

Self Report? NO

Classification: Moderate

Citation: 30 TAC Chapter 122, SubChapter B 122.145(2)(A)

Description: The facility failed to include the engine 40 non-compliance issue (failure to conduct a follow-up test) in the deviation report, submitted on July 25, 2005.

Date 10/11/2007 (595176)

Self Report? NO Classification: Moderate
Citation: 40 CFR Chapter 60, SubChapter C, PT 60, SubPT KKK 60.632(a)
Description: 40 CFR Chapter 60, SubChapter C, PT 60, SubPT VV 60.482-7(h)(2)
Failed to maintain less than 3% of the total number of valves within the V-Line process unit as difficult-to-monitor as required by the NSPS Subpart KKK monitoring program.

Self Report? NO Classification: Moderate
Citation: 40 CFR Chapter 60, SubChapter C, PT 60, SubPT KKK 60.632(a)
40 CFR Chapter 60, SubChapter C, PT 60, SubPT VV 60.482-7(d)(1)
Description: Failed to repair/replace a valve that was detected as leaking on March 20, 2007, within the required 15 calendar days after the leak was detected.

F. Environmental audits.

Notice of Intent Date: 02/16/2004 (265296)
No DOV Associated
Notice of Intent Date: 03/04/2004 (268138)
No DOV Associated

G. Type of environmental management systems (EMSs).

N/A

H. Voluntary on-site compliance assessment dates.

N/A

I. Participation in a voluntary pollution reduction program.

N/A

J. Early compliance.

N/A

Sites Outside of Texas

N/A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



**IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
DCP MIDSTREAM, LP
RN100219955**

§ **BEFORE THE**
§
§ **TEXAS COMMISSION ON**
§
§ **ENVIRONMENTAL QUALITY**

AGREED ORDER DOCKET NO. 2008-0695-AIR-E

I. JURISDICTION AND STIPULATIONS

At its _____ agenda, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding DCP Midstream, LP ("the Respondent") under the authority of TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondent appear before the Commission and together stipulate that:

1. The Respondent owns and operates a gas plant located 15 miles north and three miles west of Gruver on Highway 136 in Hansford County, Texas (the "Plant").
2. The Plant consists of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).
3. The Commission and the Respondent agree that the Commission has jurisdiction to enter this Agreed Order, and that the Respondent is subject to the Commission's jurisdiction.
4. The Respondent received notice of the violations alleged in Section II ("Allegations") on or about April 5, 2008.
5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by the Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
6. An administrative penalty in the amount of Two Thousand Five Hundred Seventy-Five Dollars (\$2,575) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Two Thousand Sixty Dollars (\$2,060) of the administrative penalty and Five Hundred Fifteen Dollars (\$515) is deferred contingent upon the

Respondent's timely and satisfactory compliance with all the terms of this Agreed Order. The deferred amount will be waived upon full compliance with the terms of this Agreed Order. If the Respondent fails to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require the Respondent to pay all or part of the deferred penalty.

7. Any notice and procedures, which might otherwise be authorized or required in this action, are waived in the interest of a more timely resolution of the matter.
8. The Executive Director of the TCEQ and the Respondent have agreed on a settlement of the matters alleged in this enforcement action, subject to the approval of the Commission.
9. The Executive Director recognizes that the Respondent completed a successful stack test of the Superior 8G825 stationary Reciprocating Internal Combustion Engine ("RICE") on January 15, 2008.
10. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that the Respondent has not complied with one or more of the terms or conditions in this Agreed Order.
11. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.
12. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable.

II. ALLEGATIONS

As owner and operator of the Plant, the Respondent is alleged to have failed to reduce formaldehyde ("CH₂O") emissions by 76% or more or limit the concentration of CH₂O to 350 parts per billion ("ppb") or less at 15% oxygen ("O₂") at the RICE, in violation of 30 TEX. ADMIN. CODE § 113.1090, 40 CODE OF FEDERAL REGULATIONS § 63.6600(a), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during a record review conducted on March 25, 2008. Specifically, the RICE had a reduction efficiency of 71.82% and an outlet exhaust gas CH₂O concentration of 479.3 ppb at 15% O₂.

III. DENIALS

The Respondent generally denies each allegation in Section II ("Allegations").

IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that the Respondent pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and the Respondent's compliance with all the terms and conditions set forth in this Agreed Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations which are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: DCP Midstream, LP, Docket No. 2008-0695-AIR-E" to:


Financial Administration Division, Revenues Section
Attention: Cashier's Office, MC 214
Texas Commission on Environmental Quality
P.O. Box 13088
Austin, Texas 78711-3088

2. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Plant operations referenced in this Agreed Order.
3. This Agreed Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
4. This agreement may be executed in multiple counterparts, which together shall constitute a single original instrument. Any executed signature page to this Agreement may be transmitted by facsimile transmission to the other parties, which shall constitute an original signature for all purposes.
5. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to the Respondent, or three days after the date on which the Commission mails notice of the Order to the Respondent, whichever is earlier. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission



For the Executive Director

8/21/2008
Date

I, the undersigned, have read and understand the attached Agreed Order. I am authorized to agree to the attached Agreed Order on behalf of the entity indicated below my signature, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I also understand that failure to comply with the Ordering Provisions, if any, in this order and/or failure to timely pay the penalty amount, may result in:

- A negative impact on compliance history;
- Greater scrutiny of any permit applications submitted;
- Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions;
- Automatic referral to the Attorney General's Office of any future enforcement actions; and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.


Signature

6/05/08
Date

Geoffrey A. Sands
Name (Printed or typed)
Authorized Representative of
DCP Midstream, LP

VP- EHS
Title

Instructions: Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenues Section at the address in Section IV, Paragraph 1 of this Agreed Order.

